

FAYETTE COUNTY, GEORGIA
BUDGET SUMMARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2006
SUMMARY OF ADOPTED FUNDING AND APPROPRIATIONS

<u>BUDGETED FUNDS</u>	<u>REVENUES AND OTHER SOURCES</u>			<u>EXPENDITURES AND OTHER USES</u>		
	<u>PROJECTED</u>	<u>TRANSFERS</u>	<u>TOTAL</u>	<u>ADOPTED</u>	<u>TRANSFERS</u>	<u>TOTAL</u>
	<u>REVENUES</u>	<u>FROM</u>	<u>FUNDING</u>		<u>TO</u>	<u>EXPENDITURES</u>
		<u>CASH</u>	<u>SOURCES</u>		<u>CASH</u>	<u>AND</u>
		<u>RESERVES</u>		<u>EXPENDITURES</u>	<u>RESERVES</u>	<u>OTHER USES</u>
Governmental Funds						
General Fund	\$ 46,165,804	\$ 1,438,608	\$ 47,604,412	\$ 47,604,412	\$ -	\$ 47,604,412
Special Revenue Funds:						
Fire Services	7,195,950	-	7,195,950	6,520,707	675,243	7,195,950
Street Lights	180,000	17,798	197,798	197,798	-	197,798
State Confiscated Property	50,000	10,404	60,404	60,404	-	60,404
U.S. Customs Fund	10,000	-	10,000	-	10,000	10,000
Jail Construction	419,000	-	419,000	419,000	-	419,000
Juvenile Supervision	35,000	-	35,000	34,600	400	35,000
Juvenile Offenders	5,100	-	5,100	-	5,100	5,100
Victims Assistance	138,000	103,709	241,709	241,709	-	241,709
Drug Abuse and Treatment	31,000	-	31,000	31,000	-	31,000
Law Library	20,000	21,650	41,650	41,650	-	41,650
Federal Confiscated Property	200,000	-	200,000	-	200,000	200,000
S.P.L.O.S.T. (Library)	40,000	179,000	219,000	219,000	-	219,000
Emergency Phone E-911	1,807,206	-	1,807,206	1,759,389	47,817	1,807,206
Total Special Revenue Funds	\$ 10,131,256	\$ 332,561	\$ 10,463,817	\$ 9,525,257	\$ 938,560	\$ 10,463,817
Total Governmental Funds	\$ 56,297,060	\$ 1,771,169	\$ 58,068,229	\$ 57,129,669	\$ 938,560	\$ 58,068,229
Enterprise Funds						
Solid Waste (Landfill)	137,500	-	137,500	114,920	22,580	137,500
Water System	13,022,783	134,965	13,157,748	13,157,748	-	13,157,748
Total of All Budgeted Funds	\$ 69,457,343	\$ 1,906,134	\$ 71,363,477	\$ 70,402,337	\$ 961,140	\$ 71,363,477

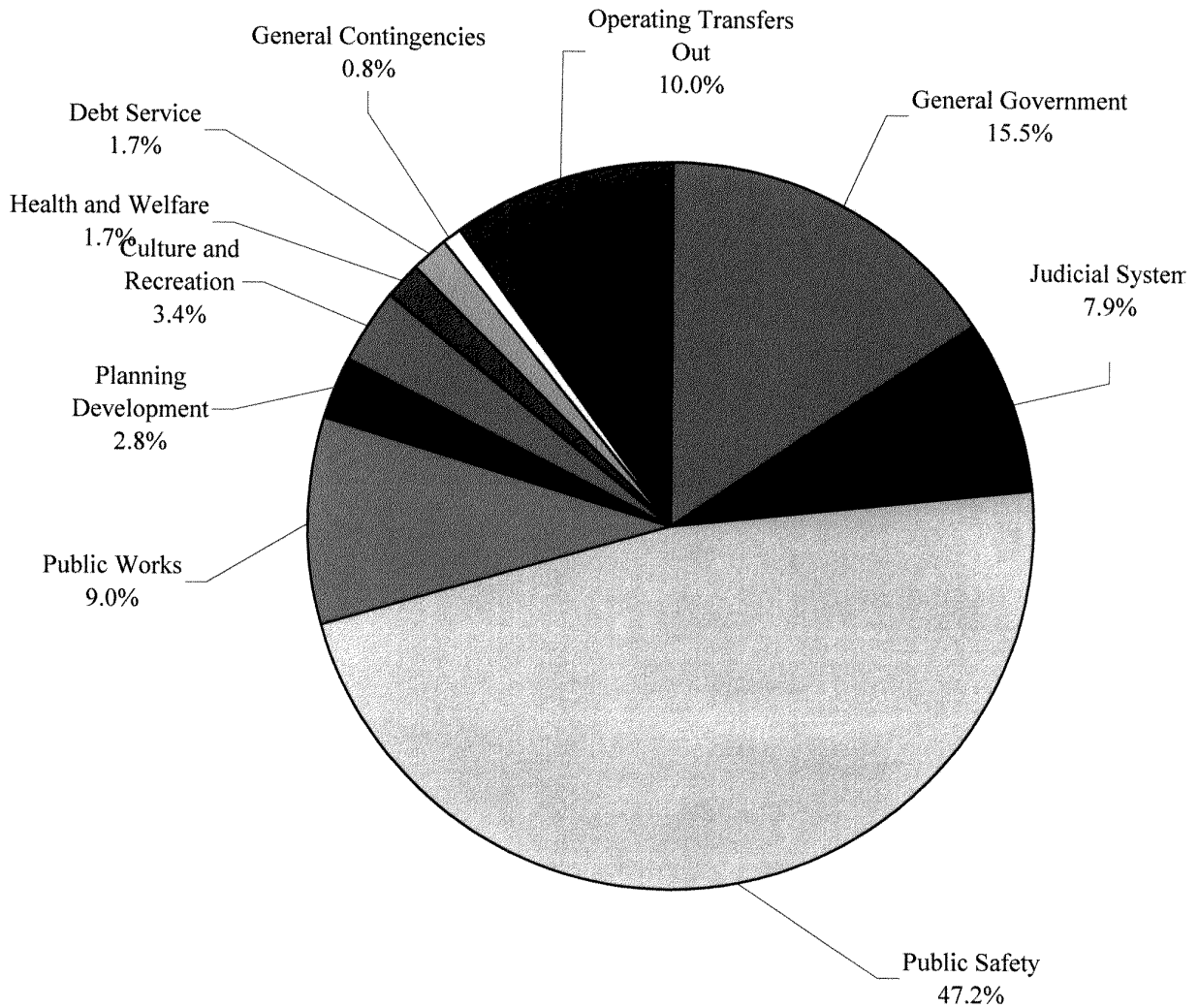
FAYETTE COUNTY, GEORGIA
SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
COMPARISON OF THREE MOST RECENT FISCAL YEARS

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	<u>FY 2004</u> <u>ACTUAL</u>	<u>FY 2005</u> <u>ESTIMATED</u>	<u>FY 2006</u> <u>BUDGET</u>	<u>FY 2004</u> <u>ACTUAL</u>	<u>FY 2005</u> <u>ESTIMATED</u>	<u>FY 2006</u> <u>BUDGET</u>
REVENUES						
Property Tax	\$22,644,106	\$22,571,234	\$22,960,000	\$5,505,390	5,607,271	\$5,800,200
Sales & Use Tax	8,737,301	7,563,662	9,562,560	-	-	-
Other Taxes	5,494,447	5,033,711	5,171,100	940,577	831,636	858,750
Licenses & Permits	743,419	754,908	714,000	-	-	-
Intergovernmental Revenues	2,036,067	1,895,700	2,041,150	783,794	818,354	721,040
Charges for Services	2,595,967	2,408,309	2,344,900	2,113,464	1,941,023	2,005,340
Other Fees	181,613	197,855	170,200	-	-	-
Fines, Forfeits & Penalties	1,365,884	1,564,154	1,465,000	1,002,181	369,947	581,000
Interest Earnings	485,956	788,575	650,000	27,126	114,668	40,000
Other Revenues	401,465	550,608	405,990	67,584	46,190	45,000
Total Revenues	\$44,686,225	\$43,328,716	\$45,484,900	\$10,440,116	\$9,729,089	\$10,051,330
OTHER FINANCING SOURCES						
Sale of Gen Fixed Asset	26,103	86,466	90,000	-	-	2,000
Operating Transfers In	358,486	607,394	590,904	99,563	430,083	77,926
Total Revenues and Other Financing Sources	<u>\$45,070,814</u>	<u>\$44,022,576</u>	<u>\$46,165,804</u>	<u>\$10,539,679</u>	<u>\$10,159,172</u>	<u>\$10,131,256</u>
EXPENDITURES						
General Government	\$7,198,113	\$7,624,162	\$8,883,475	\$ -	\$ -	\$ -
Judicial System	3,705,876	3,933,707	4,356,177	52,670	29,180	76,250
Public Safety	15,767,172	16,864,846	18,268,156	8,071,396	8,694,123	8,724,500
Public Works	4,640,653	4,343,711	4,964,548	188,752	197,058	197,798
Planning Development	1,457,451	1,419,809	1,611,210	-	-	-
Culture and Recreation	1,561,713	1,499,258	1,702,599	194,860	130,261	219,000
Health and Welfare	662,974	709,903	685,853	259,688	255,231	272,709
Debt Service	3,840,626	2,473,256	993,762	-	-	-
	<u>\$38,834,578</u>	<u>\$38,868,652</u>	<u>\$41,465,780</u>	<u>\$8,767,366</u>	<u>\$9,305,853</u>	<u>\$9,490,257</u>
OTHER FINANCING USES						
General Contingencies	-	-	469,321	-	-	-
Operating Transfers Out	3,514,336	4,265,912	5,669,311	-	-	35,000
Total Expenditures and Other Financing Uses	<u>\$42,348,914</u>	<u>\$43,134,564</u>	<u>\$47,604,412</u>	<u>\$8,767,366</u>	<u>\$9,305,853</u>	<u>\$9,525,257</u>
Net Increase (Decrease) In Fund Balance	\$2,721,900	\$888,012	(\$1,438,608)	\$1,772,313	\$853,319	\$605,999
FUND BALANCE JULY 1	24,404,001	27,125,901	28,013,913	5,954,494	7,726,807	8,580,126
FUND BALANCE JUNE 30	<u>\$27,125,901</u>	<u>\$28,013,913</u>	<u>\$26,575,305</u>	<u>\$7,726,807</u>	<u>\$8,580,126</u>	<u>\$9,186,125</u>

FAYETTE COUNTY, GEORGIA
SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
COMPARISON OF THREE MOST RECENT FISCAL YEARS

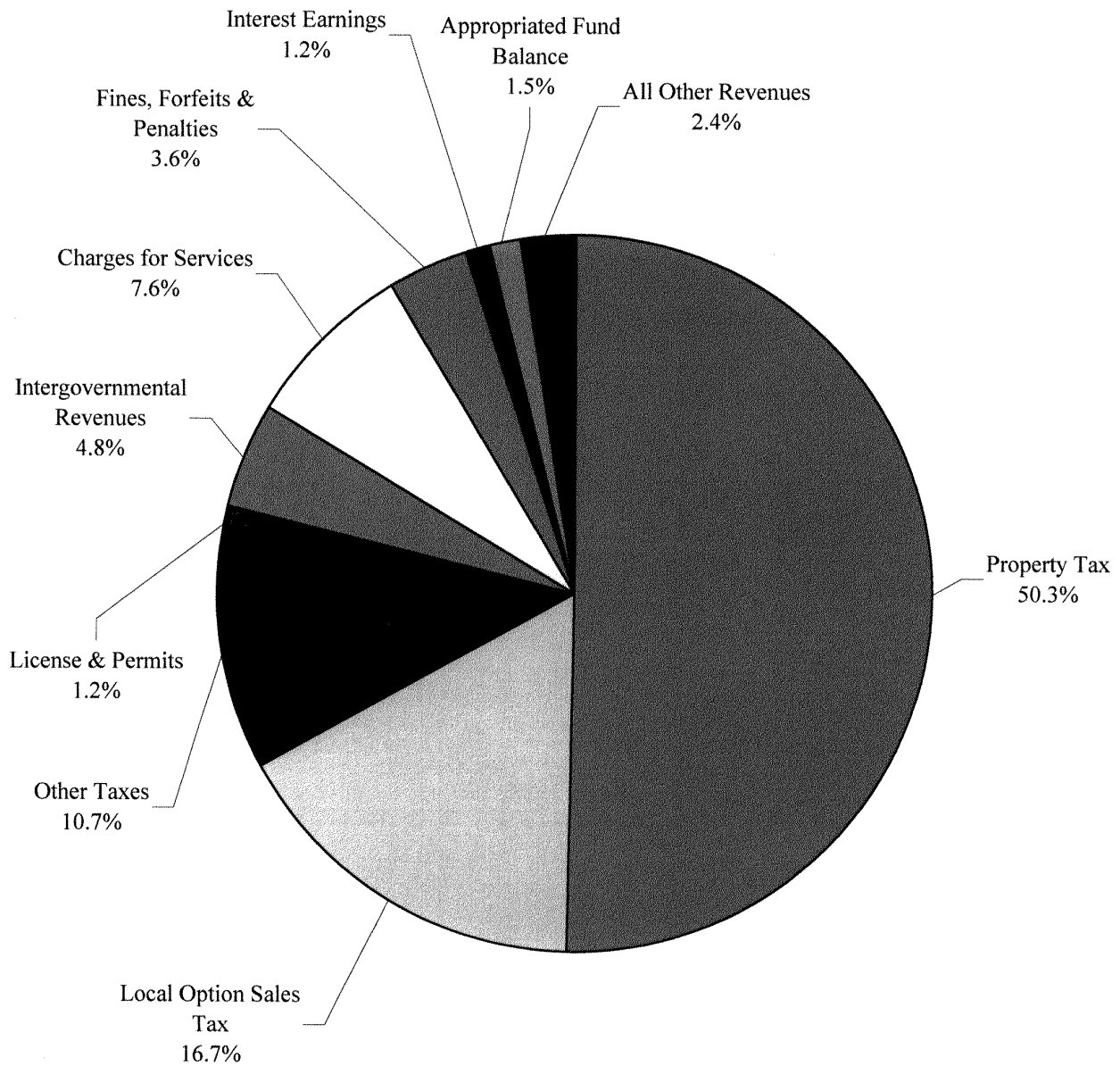
	TOTAL GOVERNMENTAL FUNDS		
	FY 2004	FY 2005	FY 2006
	<u>ACTUAL</u>	<u>ESTIMATED</u>	<u>BUDGET</u>
REVENUES			
Property Tax	\$28,149,496	\$28,178,505	\$28,760,200
Sales & Use Tax	8,737,301	7,563,662	9,562,560
Other Taxes	6,435,024	5,865,347	6,029,850
Licenses & Permits	743,419	754,908	714,000
Intergovernmental Revenues	2,819,861	2,714,054	2,762,190
Charges for Services	4,709,431	4,349,332	4,350,240
Other Fees	181,613	197,855	170,200
Fines, Forfeits & Penalties	2,368,065	1,934,101	2,046,000
Interest Earnings	513,082	903,243	690,000
Other Revenues	469,049	596,798	450,990
Total Revenues	\$55,126,341	\$53,057,805	\$55,536,230
OTHER FINANCING SOURCES			
Sale of Gen Fixed Asset	26,103	86,466	92,000
Operating Transfers In	458,049	1,037,477	668,830
Total Revenues and Other Financing Sources	<u>\$55,610,493</u>	<u>\$54,181,748</u>	<u>\$56,297,060</u>
EXPENDITURES			
General Government	\$7,198,113	\$7,624,162	\$8,883,475
Judicial System	3,758,546	3,962,887	4,432,427
Public Safety	23,838,568	25,558,969	26,992,656
Public Works	4,829,405	4,540,769	5,162,346
Planning Development	1,457,451	1,419,809	1,611,210
Culture and Recreation	1,756,573	1,629,519	1,921,599
Health and Welfare	922,662	965,134	958,562
Debt Service	3,840,626	2,473,256	993,762
Total Expenditures	\$47,601,944	\$48,174,505	\$50,956,037
OTHER FINANCING USES			
General Contingencies	-	-	469,321
Operating Transfers Out	3,514,336	4,265,912	5,704,311
Total Expenditures and Other Financing Uses	<u>\$51,116,280</u>	<u>\$52,440,417</u>	<u>\$57,129,669</u>
Net Increase (Decrease) In Fund Balance	\$4,494,213	\$1,741,331	(\$832,609)
FUND BALANCE JULY 1	<u>30,358,495</u>	<u>34,852,708</u>	<u>36,594,039</u>
FUND BALANCE JUNE 30	<u>\$34,852,708</u>	<u>\$36,594,039</u>	<u>\$35,761,430</u>

**FAYETTE COUNTY, GEORGIA
2005 ESTIMATED EXPENDITURES
GOVERNMENTAL FUNDS**



General Government	Judicial System	Public Safety	Public Works
Planning Development	Culture and Recreation	Health and Welfare	Debt Service
General Contingencies	Operating Transfers Out		

**FAYETTE COUNTY, GEORGIA
2006 ESTIMATED FINANCIAL SOURCES
GOVERNMENTAL FUNDS**



■ Property Tax	□ Local Option Sales Tax	■ Other Taxes
■ License & Permits	■ Intergovernmental Revenues	□ Charges for Services
■ Fines, Forfeits & Penalties	■ Interest Earnings	■ Appropriated Fund Balance
■ All Other Revenues		

FAYETTE COUNTY, GEORGIA
SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY
ENTERPRISE FUNDS
COMPARISON OF THREE MOST RECENT FISCAL YEARS

	SOLID WASTE FUND			WATER SYSTEM FUND		
	FY 2004	FY 2005	FY 2006	FY 2004	FY 2005	FY 2006
	<u>ACTUAL</u>	<u>ESTIMATED</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ESTIMATED</u>	<u>BUDGET</u>
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses & Permits	-	-	-	-	-	-
Intergovernmental Revenues	-	87,469	-	-	-	-
Charges for Services	81,480	117,965	137,500	12,630,380	13,117,259	12,882,783
Bond Proceeds	-	-	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Interest Earnings	-	18,339	-	88,478	185,462	140,000
Other Revenues	-	-	-	17,449	13,806	-
Total Revenues	\$ 81,480	\$ 223,773	\$ 137,500	\$ 12,736,307	\$ 13,316,527	\$ 13,022,783
OTHER FINANCING SOURCES						
Operating Transfers In	\$ 119,588	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues and Other Financial Sources	\$ 201,068	\$ 223,773	\$ 137,500	\$ 12,736,307	\$ 13,316,527	\$ 13,022,783
EXPENDITURES						
Personnel Services	\$ 47,230	\$ -	\$ 32,766	\$ 2,680,862	\$ 2,594,593	\$ 3,096,410
Operating Expenses	76,435	92,954	81,704	1,918,210	2,006,277	2,581,664
Capital Outlay	3,078	73	450	121,411	22,732	223,690
Debt Service	-	-	-	2,742,908	2,886,695	4,632,114
Intergovernmental	-	-	-	-	-	-
Total Expenditures	\$ 126,743	\$ 93,027	\$ 114,920	\$ 7,463,391	\$ 7,510,297	\$ 10,533,878
OTHER FINANCING USES						
Operating Transfers Out	500	-	-	356,986	1,930,551	2,623,870
Total Expenditures and Other Financial Uses	\$ 127,243	\$ 93,027	\$ 114,920	\$ 7,820,377	\$ 9,440,848	\$ 13,157,748
NET INCREASE (DECREASE) IN FUND BALANCE	\$ 73,825	\$ 130,746	\$ 22,580	\$ 4,915,930	\$ 3,875,679	\$ (134,965)
FUND BALANCE, JULY 1	\$ 1,005,820	\$ 1,079,645	\$ 1,210,391	\$ 16,018,723	\$ 20,934,653	\$ 24,810,332
FUND BALANCE, JUNE 30	\$ 1,079,645	\$ 1,210,391	\$ 1,232,971	\$ 20,934,653	\$ 24,810,332	\$ 24,675,367

**FAYETTE COUNTY, GEORGIA
SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY
ENTERPRISE FUNDS
COMPARISON OF THREE MOST RECENT FISCAL YEARS**

	TOTAL ENTERPRISE FUNDS		
	FY 2004	FY 2005	FY 2006
	<u>ACTUAL</u>	<u>ESTIMATED</u>	<u>BUDGET</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses & Permits	-	-	-
Intergovernmental Revenues	-	87,469	-
Charges for Services	12,711,860	13,235,224	13,020,283
Bond Proceeds	-	-	-
Capital Contributions	-	-	-
Interest Earnings	88,478	203,801	140,000
Other Revenues	17,449	13,806	-
Total Revenues	\$ 12,817,787	\$ 13,540,300	\$ 13,160,283
OTHER FINANCING SOURCES			
Operating Transfers In	119,588	-	-
Total Revenues and Other Financial Sources	\$ 12,937,375	\$ 13,540,300	\$ 13,160,283
EXPENDITURES			
Personnel Services	\$ 2,728,092	\$ 2,594,593	\$ 3,129,176
Operating Expenses	1,994,645	2,099,231	2,663,368
Capital Outlay	124,489	22,805	224,140
Debt Service	2,742,908	2,886,695	4,632,114
Intergovernmental	-	-	-
Total Expenditures	\$ 7,590,134	\$ 7,603,324	\$ 10,648,798
OTHER FINANCING USES			
Operating Transfers Out	357,486	1,930,551	2,623,870
Total Expenditures and Other Financial Uses	\$ 7,947,620	\$ 9,533,875	\$ 13,272,668
NET INCREASE (DECREASE) IN FUND BALANCE	\$ 4,989,755	\$ 4,006,425	\$ (112,385)
FUND BALANCE, JULY 1	\$ 17,024,543	\$ 22,014,298	\$ 26,020,723
FUND BALANCE, JUNE 30	\$ 22,014,298	\$ 26,020,723	\$ 25,908,338

FAYETTE COUNTY, GEORGIA
SUMMARY OF REVENUES, EXPENDITURES, AND
OTHER FINANCING SOURCES AND USES
ALL BUDGETED FUNDS
FISCAL YEAR ENDED JUNE 30, 2006

	<u>TOTAL</u>	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>SOLID WASTE FUND</u>	<u>WATER SYSTEM FUND</u>
REVENUES					
Property Tax	\$ 28,760,200	\$ 22,960,000	\$ 5,800,200	\$ -	\$ -
Sales & Use Tax	9,562,560	9,562,560	-	-	-
Other Taxes	6,029,850	5,171,100	858,750	-	-
License & Permits	714,000	714,000	-	-	-
Intergovernmental Revenues	2,762,190	2,041,150	721,040	-	-
Charges for Services	17,370,523	2,344,900	2,005,340	137,500	12,882,783
Other Fees	170,200	170,200	-	-	-
Fines, Forfeits & Penalties	2,046,000	1,465,000	581,000	-	-
Interest Earnings	830,000	650,000	40,000	-	140,000
Other Revenue	450,990	405,990	45,000	-	-
Total Revenues	\$ 68,696,513	\$ 45,484,900	\$ 10,051,330	\$ 137,500	\$ 13,022,783
OTHER FINANCING SOURCES					
Sale of Gen Fixed Assets	92,000	90,000	2,000	-	-
Operating Transfers In	668,830	590,904	77,926	-	-
Appropriated Fund Balance	1,906,134	1,438,608	332,561	-	134,965
Total Revenues and Other Financing Sources	\$ 71,363,477	\$ 47,604,412	\$ 10,463,817	\$ 137,500	\$ 13,157,748
EXPENDITURES					
Personnel Services	\$ 37,776,496	\$ 27,555,961	\$ 7,091,359	\$ 32,766	\$ 3,096,410
Operating Expenses	17,657,357	12,687,617	2,306,372	81,704	2,581,664
Capital Outlay	545,105	228,440	92,525	450	223,690
Debt Service	5,625,876	993,762	-	-	4,632,114
Total Expenditures	\$ 61,604,834	\$ 41,465,780	\$ 9,490,256	\$ 114,920	\$ 10,533,878
OTHER FINANCING USES					
Operating Transfers Out	5,704,311	5,669,311	35,000	-	-
General Contingencies	3,093,191	469,321	-	-	2,623,870
Transfers to Fund Reserves	961,141	-	938,561	22,580	-
Total Expenditures and Other Financing Uses	\$ 71,363,477	\$ 47,604,412	\$ 10,463,817	\$ 137,500	\$ 13,157,748

BUDGET SUMMARY INFORMATION - EXPENDITURES COMPARISON OF ADOPTED BUDGET WITH PRIOR YEAR'S DATA

The Budget Summary Information contained on the following three pages compares the 2006 fiscal year budget with that of the 2005 fiscal year at two different points in time. As a means of providing additional detail to the preceding consolidated overview of expenditures, this comparison of appropriations is provided at the next lowest level of aggregated budget information (i.e., total departmental or cost center budget). For an even more detailed breakdown of each department's budget or to obtain an explanation of the major changes that have occurred between the two fiscal years, please refer to the individual cost center data shown later in this document in its corresponding functional area.

The two columns of information in the table, which contain a 'FY 2005' heading, are included to help show the dynamics of an annual operating budget. The first of these columns contains the original budget that was adopted by the Board of Commissioners for each department at this same time last year. When the budget was originally approved, those amounts represented our best estimates as to what it would cost to operate each of the various functions of the County during the 2005 fiscal year.

When reviewing the tabular information, one of the first things that you will note is that most of these original budgets were adjusted during the course of the 2005 fiscal year. As is normally the case, the initial expenditure plan was changed throughout the year as unanticipated events occurred, funding priorities were changed, or new programs were initiated. These changes are shown in the second column, which depicts the adjusted fiscal year 2005 budget amounts at the point in time when the staff and County Administrator began preparing the recommended budget in April of the current year.

In view of economic uncertainties impacting the local economy of Fayette County as well as the Greater Metropolitan Atlanta Region, parameters were developed that assisted all functions participating in the budgeting process. The local economy continues to be impacted by the aftermath of the September 11, 2001 tragedy. Delta Airlines and the Hartsfield-Jackson Atlanta International Airport are critically important to Fayette County as they are two of the largest employers in the southern crescent region which includes Fayette County. Each has had layoffs including early retirements as well as furloughs since the 2001 tragedy. Continuing talks of Delta declaring bankruptcy have raised the issues of cutbacks and the threat of additional layoffs. The County continues to brace for the possibility of further adverse economic impact on the area since Delta plays such a strong role in the local economy. Other companies such as Coca-Cola have also had employee layoffs. Military conflicts in Iraq on the international front are also cause for economic uncertainty as it impacts the economic climate of the County. Skyrocketing fuel prices are certain to adversely impact the economy locally as well as elsewhere. Therefore, the County took a very conservative fiscal position in light of these economic factors during the development of the FY 2006 budget. This approach resulted in a budget, while larger than the previous fiscal year, but was much less than originally requested by the departments. This should afford a lower property tax rate in FY 2006 for the Fayette citizens. The staff realized the need to "hold down taxes" during these economic "lean times". This was achieved in large part by careful budgeting and belt-tightening by all County departments.

BUDGET SUMMARY INFORMATION - EXPENDITURES
COMPARISON OF ADOPTED BUDGET WITH PRIOR YEAR'S DATA
FISCAL YEAR ENDED JUNE 30, 2006

	FY 2005 ORIGINAL BUDGET	FY 2005 ADJUSTED BUDGET	FY 2006 ADOPTED BUDGET
GENERAL FUND			
General Government			
Non-Departmental	\$ 1,102,540	\$ 863,821	\$ 897,650
Commissioners	557,505	561,175	567,658
Administration	410,546	410,546	344,904
Elections	492,081	494,075	275,451
Finance	771,040	771,040	838,050
Purchasing	334,134	334,134	348,493
Information Systems	438,610	439,258	480,087
Human Resources	398,782	398,782	440,558
Tax Commissioner	971,725	975,805	998,076
Tax Assessors	775,630	781,559	811,570
Building & Grounds Maintenance	1,562,898	1,561,779	1,602,999
Engineering Office	397,182	397,182	467,551
Contingency	400,000	274,564	810,427
Total General Government	\$ 8,612,673	\$ 8,263,720	\$ 8,883,474
Judicial System			
Non-Departmental	\$ 144,826	\$ 127,241	\$ 248,131
Clerk of Superior Court	983,794	994,274	982,804
Judges, Court Reporters	508,038	499,458	409,263
District Attorney	322,635	322,635	367,464
Public Defender	192,997	192,998	450,000
Magistrate Court	422,615	422,615	434,125
Juvenile Court	287,085	334,786	358,165
Probate Court	276,857	275,597	280,396
State Court Judge	384,588	385,268	275,827
State Court Solicitor	302,557	302,557	308,529
Clerk of State Court	183,354	183,354	192,676
Contingency	-	-	48,797
Total Judicial System	\$ 4,009,346	\$ 4,040,783	\$ 4,356,177
Public Safety			
Non-Departmental	\$ 99,800	\$ 327,264	\$ 714,365
Operating Transfers (E-911)	76,387	76,387	77,926
Sheriff's Office	13,200,270	13,291,244	13,148,729
Emergency Services	2,458,408	2,457,508	2,747,726
County Coroner	54,333	54,673	54,673
Animal Control	257,315	270,165	279,086
Marshal's Office	636,145	638,366	604,239
Public Safety Administration	138,318	139,550	134,966
Contingency	-	-	584,372
Total Public Safety	\$ 16,920,976	\$ 17,255,157	\$ 18,346,082

BUDGET SUMMARY INFORMATION - EXPENDITURES
COMPARISON OF ADOPTED BUDGET WITH PRIOR YEAR'S DATA
FISCAL YEAR ENDED JUNE 30, 2006

	FY 2005 ORIGINAL BUDGET	FY 2005 ADJUSTED BUDGET	FY 2006 ADOPTED BUDGET
Public Works			
Road Department	\$ 4,524,350	\$ 4,522,581	\$ 4,424,870
Director of Public Works	171,583	171,583	175,190
Fleet Maintenance	297,957	299,157	227,333
Contingency	-	-	137,156
Total Public Works	\$ 4,993,890	\$ 4,993,321	\$ 4,964,549
Planning Development			
Planning Department	\$ 265,577	\$ 265,577	\$ 265,606
Zoning Department	234,492	234,992	252,732
Permits and Inspections	577,559	578,009	618,216
Georgia Forestry Commission	2,376	2,376	2,376
County Extension	113,902	115,402	118,784
Development Authority	312,182	312,182	313,556
Contingency	-	-	39,941
Total Planning Development	\$ 1,506,088	\$ 1,508,538	\$ 1,611,211
Culture and Recreation			
Parks and Recreation	\$ 1,036,832	\$ 1,049,036	\$ 1,025,345
Library	\$ 615,046	\$ 619,941	\$ 654,838
Contingency	-	-	22,415
Total Culture and Recreation	\$ 1,651,878	\$ 1,668,977	\$ 1,702,598
Health and Welfare			
Physical Health	\$ 310,280	\$ 310,280	\$ 327,677
Mental Health - Fayette Counseling	116,870	116,870	119,270
Dept of Family & Children Services	46,100	46,100	41,300
Mental Health - Fayette Options	53,171	53,171	58,171
Senior Citizens	130,631	130,631	105,631
Youth Protection	16,140	20,556	20,556
Domestic Violence Council	10,000	10,000	10,000
Contingency	-	-	3,248
Total Health and Welfare	\$ 683,192	\$ 687,608	\$ 685,853
Debt Service			
Criminal Justice Center	\$ 3,840,361	\$ 3,840,361	\$ -
E-911 821 Mhz Radio System	-	-	993,762
Total Debt Service	\$ 3,840,361	\$ 3,840,361	\$ 993,762
Transfer to Senior Citizens Center	\$ -	\$ -	\$ 2,563,599
Transfer to Vehicle Replacement	\$ 1,399,954	\$ 1,399,954	\$ 1,104,575
Transfers to Capital Projects	\$ 2,698,207	\$ 2,800,733	\$ 2,392,532
TOTAL GENERAL FUND	\$ 46,316,565	\$ 46,459,152	\$ 47,604,412

BUDGET SUMMARY INFORMATION - EXPENDITURES
COMPARISON OF ADOPTED BUDGET WITH PRIOR YEAR'S DATA
FISCAL YEAR ENDED JUNE 30, 2006

	FY 2005 ORIGINAL BUDGET	FY 2005 ADJUSTED BUDGET	FY 2006 ADOPTED BUDGET
SPECIAL REVENUE FUNDS			
Fire Services	\$ 6,141,780	\$ 6,176,788	\$6,520,707
Street Lights	188,150	188,150	197,798
Jail Construction	301,700	301,700	419,000
Juvenile Offenders Grant Fund	-	5,100	-
Juvenile Supervision	31,100	31,100	34,600
Grants	-	-	-
Victims Assistance	219,513	220,154	241,709
Drug Abuse and Education	35,000	35,000	31,000
State Confiscated	72,400	72,400	60,404
Federal Confiscated	-	-	-
U.S. Custom	-	-	-
Law Library	48,175	48,175	41,650
SPLOST	203,000	201,600	219,000
Emergency 911	2,754,615	2,720,803	1,759,389
TOTAL SPECIAL REVENUE	\$ 9,995,433	\$ 10,000,970	\$ 9,525,257
TOTAL GOVERNMENTAL FUNDS	\$ 56,311,998	\$ 56,460,122	\$ 57,129,669
ENTERPRISE FUNDS			
Solid Waste	\$ 127,861	\$ 127,861	\$ 114,920
Total Solid Waste	\$ 127,861	\$ 127,861	\$ 114,920
Water System	\$ 11,706,506	\$ 11,740,595	\$ 13,157,747
Total Water System	\$ 11,706,506	\$ 11,740,595	\$ 13,157,747
TOTAL ENTERPRISE FUNDS	\$ 11,834,367	\$ 11,868,456	\$ 13,272,667
TOTAL OF ALL FUNDS	\$ 68,146,365	\$ 68,328,578	\$ 70,402,337

ANALYSIS OF MAJOR REVENUE SOURCES AND TRENDS

Strategies Utilized In Budgeting Revenues

As an unwritten but general guiding operating policy employed by Finance and Administrative staff, projected revenues for the ensuing fiscal year are estimated on the side of conservatism. The reason for this conservative approach to estimating cash inflows is to help ensure that the County avoids, if at all possible, any significant revenue shortfalls that might occur due to unanticipated fluctuations in the local or national economy, or an unexpected downturn in the rate of construction activity occurring in the immediate area. But should the economy remain strong in the short-term, it is further anticipated that these additional revenues that are generated will be programmed into the County's capital improvement program in future years as needs arise. As our principal operating revenue projection strategy for any given fiscal year, the County prepares its annual operating budget with the expectation that it will collect more revenues during the period than are actually budgeted.

As an integral first step in the FY 2006 revenue projection process, total revenue collections through the end of the 2005 fiscal year are estimated. As actual monthly activity is recorded, original estimated FY 2005 revenue numbers are refreshed throughout the budget preparation process. These most recent fiscal year estimates plus the actual revenue numbers for the previous three periods are used to identify trends and collection patterns from the various sources.

This historical revenue information is then framed in the context of what budget staff believes will be the most probable local economic conditions over the next twelve to twenty-four months. Elasticity of revenue sources, increases in user fees or charges, changes in service delivery and the anticipated impact of any new State or Federal legislation are also factored into the projections. The desired end result of this process is revenue estimates that one would reasonably expect to be met during the upcoming fiscal year given the information available at the time.

General Fund

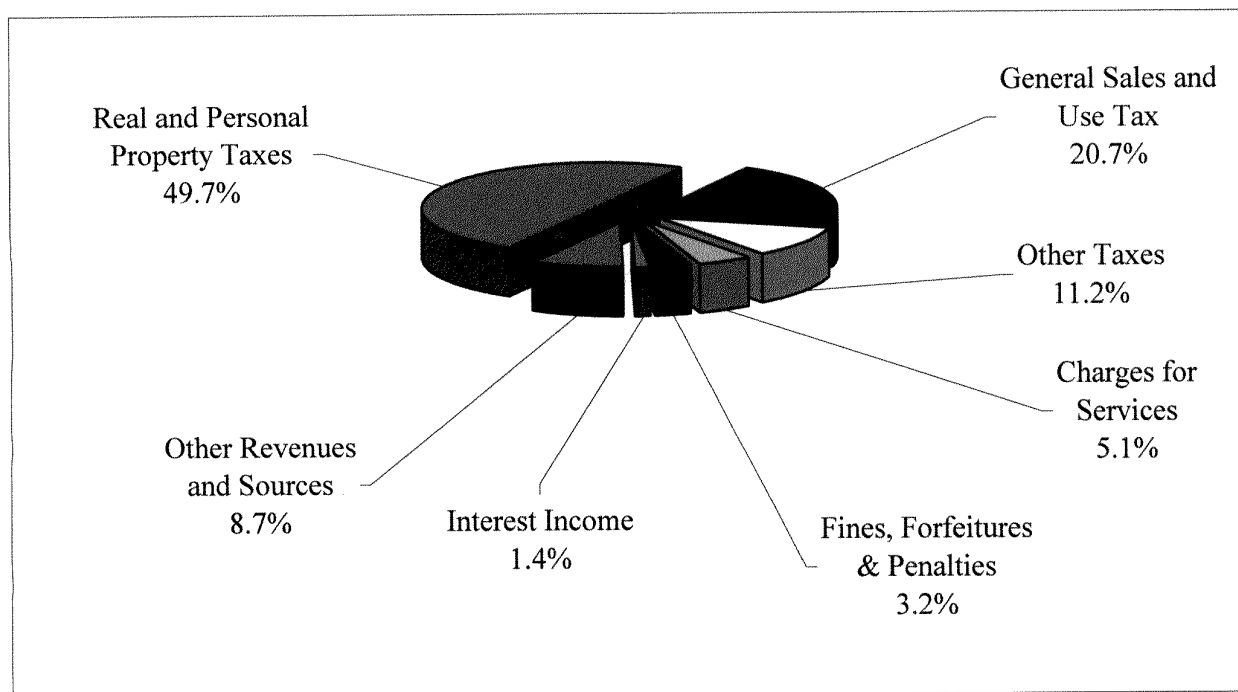
The General Fund is the principal operating fund for the County and the revenues it uses to provide a number of services to our citizens are derived from a wide variety of sources. The tabular information shown on the next page indicates the relative composition of the major revenue sources. The accompanying pie chart clearly shows how dependent the County is on taxes as the major revenue source to pay for the operations of the General Fund. Approximately 70 percent of the General Fund revenues for FY 2006 will be derived from only two sources: ad valorem (i.e., real and personal property), and sales and use taxes. Charges for services is the only other revenue source to be equal to at least five percent of the annual income total.

In comparison to the previous fiscal year estimate, it is anticipated that the General Fund revenue numbers for the 2006 fiscal year will be slightly lower. More specifically, Other Revenues includes \$1.4 million from appropriated fund balance. The budget for property tax for FY 2006, one of the major revenue sources, is projected to grow over the taxes collected in FY 2005 by approximately 1.7%. This anticipated level of growth is very conservative based upon the "new digest growth" the County has experienced over the past several years.

ANALYSIS OF MAJOR REVENUES AND TRENDS

COMPARISON OF GENERAL FUND PRINCIPAL REVENUE SOURCES

REVENUE SOURCE	FY 2004 ACTUAL	FY 2005 BUDGET	FY 2005 ESTIMATED	FY 2006 BUDGET	FY 2006 PERCENT OF TOTAL
Real and Personal Property Taxes	\$ 22,644,106	\$ 22,708,200	\$ 22,571,234	\$ 22,960,000	49.7%
General Sales and Use Tax	8,737,301	8,538,000	7,563,662	9,562,560	20.7%
Other Taxes	5,494,447	5,176,410	5,033,711	5,171,100	11.2%
Charges for Services	2,595,967	2,331,300	2,408,309	2,344,900	5.1%
Fines, Forfeitures & Penalties	1,365,884	1,385,600	1,564,154	1,465,000	3.2%
Interest Income	485,956	400,000	788,575	650,000	1.4%
Other Revenues and Sources	3,747,153	5,777,055	4,092,931	4,012,244	8.7%
Total Revenues	\$ 45,070,814	\$ 46,316,565	\$ 44,022,576	\$ 46,165,804	100.0%

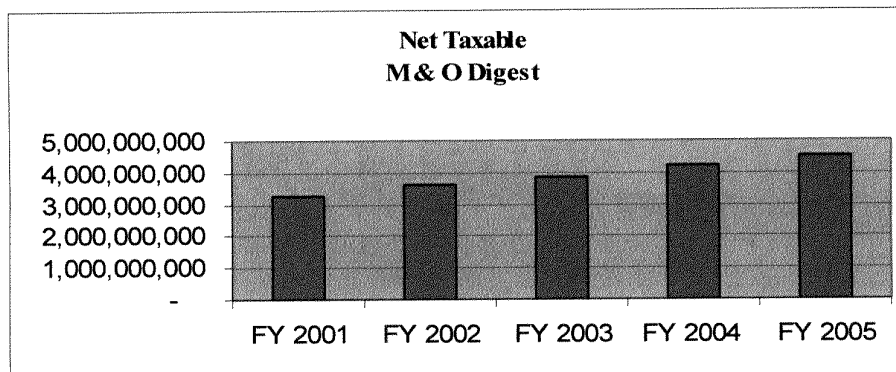


ANALYSIS OF MAJOR REVENUE SOURCES AND TRENDS

Property Tax

When comparing annual increases in real and personal property tax revenues shown in the preceding table, several issues have to be considered. One issue is the supplanting of local property tax revenues with State monies from the Governor's tax relief initiative. In FY 2000, the State began remitting to counties a "grant" equal to the amount of property taxes that would be generated from the application of an additional \$2,000 homestead exemption. In FY 2004, newly elected Georgia Governor Sonny Perdue put a freeze on the amount of the "grant" at the \$8,000 level. This freeze remains for FY 2006. This was done in an effort to help the State of Georgia balance its budget. The future of this program is in jeopardy as the state struggles to maintain a balanced budget. The current proposed maximum was originally set at a maximum of \$20,000. This "grant" is included in the *Other Revenues and Sources* category of income.

The amount of tax revenues generated is an arithmetic function of the millage rate and the net tax digest. The chart and table below summarizes some relevant property tax data over the most recent five-year period and the assumptions for the property tax projects for the 2006 fiscal year. It is important to understand cyclical trends in the digest. With the State of Georgia requiring that all property be reassessed at least every three years, the digest generally increases more significantly in those years when the fair market values of existing property are updated.



Digest Information	Fiscal Year	Net Taxable M&O Digest	Digest Growth	Millage Rate	Change in Millage
2001 Tax Year (Actual)	FY 02	3,266,658,227	10.7%	6.64	1.2%
2002 Tax Year (Actual)	FY 03	3,608,550,374	10.5%	6.20	-6.6%
2003 Tax Year (Actual)	FY 04	3,883,368,179	7.6%	5.87	-5.3%
2004 Tax Year (Actual)	FY 05	4,210,010,657	8.4%	5.42	-7.7%
2005 Tax Year (Projected)	FY06	4,529,134,296	7.6%	5.19	-4.2%

ANALYSIS OF MAJOR REVENUE SOURCES AND TRENDS

As shown on the previous page, the calendar year net taxable digest has shown growth over the previous year from 2001 to 2005 ranging from 7.6% to a high of 10.7%. In FY 2001, because of rapid growth and rising property values, the Tax Assessors' Office was required to move the reassessment date forward one year in order to meet certain valuation criteria established by the Georgia Department of Revenue. Based on historical data, the staff projects the growth in the net tax digest for FY2006 will be approximately 7.6%.

The Board of Commissioners has had the goal of keeping property taxes as low as possible as demonstrated by the earlier table which shows the yearly reduction in the millage rate. By rolling the millage rate back to compensate for the impact of reassessments, the actual amount of property taxes paid by the average homeowner into the County's General Fund remains fairly constant from one year to the next. In FY 2004 and 2005, the millage rate was reduced by 7.7% and 4.2% to offset the impact of reassessments on tax bills.

The M & O millage rate had to be increased for FY 2002 (the FY 2001 tax year) to cover the debt service applicable to the issuance of the Public Facilities Authority Revenue bonds. However, the M & O millage rate has steadily decreased from FY 2003 through the current fiscal year.

Real and Personal Property Tax revenues alone account for half of the total financial resource inflows into the General Fund. This stable and relatively inelastic source of revenue is computed as the arithmetic function of the net assessed value of taxable property and the millage rate. The assessed value is calculated as 40 percent of the property's fair market value. The current Georgia statutes require that the fair market value of property be determined as of January 1 of the tax year. Before applying the millage rate, the assessed value is further reduced by any applicable property exemptions (e.g., homestead, disabled veteran, Governor Barnes' Tax Initiative). A mill for tax purposes is defined as \$1.00 for each thousand dollars of assessed value. The revenue projections for FY 2006 are based on the assumption that the millage rate for Maintenance and Operations (M&O) will be factored to offset reassessments.

EXAMPLE OF A TAX BILL			
Fair Market Value			\$150,000
Assessment Factor		40%	
Assessed Value			\$ 60,000
Less: Homestead Exemption	\$5,000		
State Tax Initiative	8,000	13,000	
Taxable Value			\$ 47,000
Millage Rate		5.19	
M&O Taxes Payable			<u>\$ 243.93</u>

With a full understanding of the underlying growth assumptions, the projections for FY 2006 are fairly conservative and call for an increase in the digest that is in line with those seen in previous tax years. As in previous years, the revenue estimate also includes a factor of 2% to cover those taxes which are billed but uncollected in the year levied. The County has historically collected at least 98% of the taxes it bills annually.

ANALYSIS OF MAJOR REVENUE SOURCES AND TRENDS

General Sales and Use Tax

The General Sales and Use Tax (which is also referred to as a one-percent local option sales tax or L.O.S.T.) represents 20.7 of total revenues budgeted for the 2006 fiscal year. The Sales Tax continues to be an important component of the County's revenue mix. In contrast to the property tax, one benefit of this revenue source is that the cash flow it generates is fairly consistent over the entire twelve months of the year. On the downside, this revenue source is considered to be extremely elastic with collections being heavily dependent on the prevailing local economic conditions.

Despite national weakening economic conditions the retail base for the County is continuing to expand. Revenue collection is not only generated from local residents but also from a large number of shoppers from adjacent counties taking advantage of the new stores and the lower sales tax rate in effect for Fayette County which can generate as much as 2% savings of the total purchase price for the customer. From a budgetary standpoint, the projection of sales and use tax revenues is difficult at best. The staff believes the economic downturn during FY 2004 will continue to improve on into FY 2006. Because of the elastic nature of this revenue source, a conservative estimate was used to project the collection of this tax.

Other Taxes

The next largest revenue category is Other Taxes generating \$5.2 million dollars or approximately 11.2% of total budgeted revenues. One of the two main components is the motor vehicle tax (car tags) for \$1.9 million dollars. The second is the Insurance Premium Tax at \$1.9 million dollars, which is the County's pro rata, share of the insurance premium taxes collected by the State of Georgia. The annual allocation of this tax is based on the relative population numbers for each jurisdiction taken from the most recent census. The remaining portion of Other Taxes includes Intangibles, Franchise, and Property Transfers to name a few. While remaining very conservative in the estimate for these taxes, the total amount of other taxes projected for FY 2006 has changed very little from the previous estimate for FY 2005.

Charges for Services

Charges for Services represent 5.1% of total revenues and is primarily comprised of Court costs and fees, Zoning fees, Ambulance charges, Sheriff department costs and the Tax Commissioner's Office cost reimbursements. Court costs, legal recording fees and other fees generated by the Superior, State, Magistrate and Probate Courts are approximately 1.6% of total revenues. Estimates for these income items were based primarily on historical collection patterns. These charges were estimated conservatively and reflect very little change over the amount budgeted for FY 2005.

ANALYSIS OF MAJOR REVENUE SOURCES AND TRENDS

Fines, Forfeitures & Penalties

The Fines, Forfeitures & Penalties category from the General Fund is made up of Superior and State Court fines as well as Library fines, which represent 3.2% of the FY 2006 budgeted revenues. The Superior Court fines are criminal fines and forfeitures derived from sentences imposed by the Superior Court Judges. State Court fines are derived from the adjudication of various misdemeanor and traffic violations cases. The projected revenues are based on collection patterns from the most recent three fiscal years.

Interest Earnings

Interest generated on the County's idle cash balances represents approximately 1.4% of total revenues. The amount budgeted for FY 2006 is showing an increase of approximately .6% over the amount budget for FY 2005. The Feds have raised prime rate several times by .25% over the last year which has begun to force interest rates to increase as well. The projection is still conservative as economic pressures are constantly at work in this area.

Other Revenues and Sources

As a general rule, the remaining components included in the Other Revenues and Sources category were budgeted at a level consistent with prior years' collections. Not considering the \$1.4 million appropriated balance included in Other Revenues, the remaining sources equate to approximately \$4.0 million. While this component of remaining sources comprises 8.7% of the total budgeted revenues, it should be noted that it represents the aggregation of about fifteen different types of revenue.

ANALYSIS OF MAJOR REVENUE SOURCES AND TRENDS

Other Funds

In addition to the General Fund, three other funds provide significant revenue for County operations. They are the Fire Services Special Revenue Fund, the Emergency 911 Special Revenue Fund, and the Water System Fund. Principal revenue sources for each of these funds are provided in the following discussion.

Fire Services Special Revenue Fund

The Fire Services Special Revenue Fund provides funding for fire prevention and suppression activities for all areas of the County except for the cities of Fayetteville and Peachtree City, which have decided to maintain their own fire departments. To provide a funding mechanism that will ensure that only those individuals living in the area receiving these fire services pay for the services, a special tax district was created several years ago. Generally accepted governmental accounting principles require that these legally restricted monies be accounted for separately. This special revenue fund is used to provide that accountability for revenues collected and expenditures made for the provision of fire services in the unincorporated area of the County and the remaining municipalities that do not have their own fire suppression function.

The table and chart on the next page show the principal revenue sources and their relative contributions to total revenues. The data clearly demonstrates the Fire Services Special Revenue Fund's dependence on property taxes to pay for the delivery of this particular service. Approximately 90 percent of the total revenues for this fund are generated from the taxation of real and personal property, as well as the taxation on mobile homes and automobiles.. Thus, the revenue for this special revenue fund is considered very stable even in an economic downturn.

As was discussed earlier, the portion of the tax digest attributable to the two largest municipalities in the County is not included in this special tax district. Because these two cities provide sewer services and the County does not at the present time, a majority of the new industry and commercial building has tended to take place within the city limits of those jurisdictions. This means that the composition of the tax digest associated with this special tax district has an inordinately heavy concentration of residential properties.

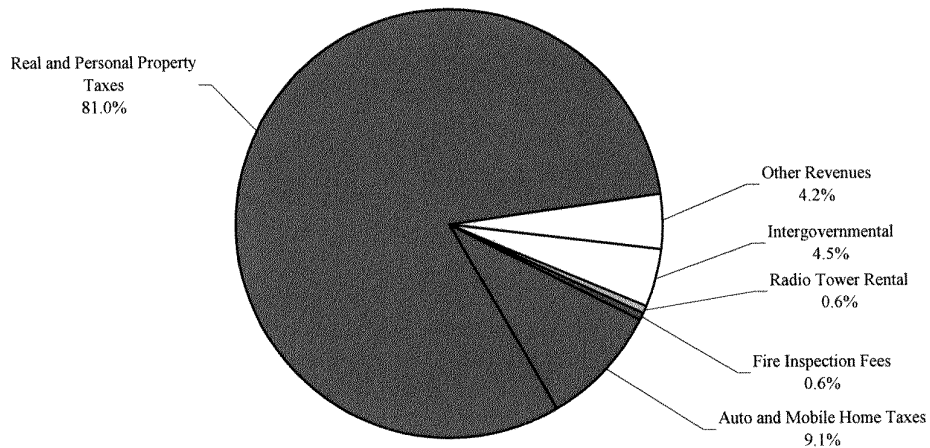
In addition, any property that these cities annex is removed from the special tax district digest that funds the Fire Services function. Much of the property being annexed is commercial or potential commercial sites that generally represent those parcels having higher fair market values. This process of selective attrition results in the tax digest for the Fire Services District having an increased higher concentration of residential property in its make-up.

ANALYSIS OF MAJOR REVENUE SOURCES AND TRENDS

COMPARISON OF FIRE SERVICES FUND PRINCIPAL REVENUE SOURCES

Revenue Source	FY 2004 ACTUAL	FY 2005 BUDGET	FY 2005 ESTIMATED	FY 2006 BUDGET	FY 2006 PERCENT OF TOTAL
Real and Personal Property Taxes	\$ 5,539,543	\$ 5,448,929	\$ 5,687,807	\$ 5,827,200	81.0%
Intergovernmental	387,903	387,900	376,911	325,000	4.5%
Other Revenues	370,845	300,000	423,854	300,000	4.2%
Auto and Mobile Home Taxes	727,771	703,000	670,047	651,750	9.1%
Radio Tower Rental	26,914	45,000	45,265	45,000	0.6%
Fire Inspection Fees	46,343	45,000	48,935	45,000	0.6%
Operating Transfers	19,773	-	352,031	-	0.0%
Sale of General Fixed Assets	-	2,000	-	2,000	0.0%
Total Revenues	\$ 7,119,092	\$ 6,931,829	\$ 7,604,850	\$ 7,195,950	100.0%

FY 2005 REVENUES



ANALYSIS OF MAJOR REVENUE SOURCES AND TRENDS

Water System Fund

The primary mission of the Water System Fund is to serve as a funding mechanism for the provision of potable water to the residents of the County. To cover the costs of building reservoirs, treating raw water, and distributing the finished product through miles of pipe, a service fee is charged based on the number of gallons used by each customer. This gallon usage fees is set at a level that will cover both the operating costs of the Water System plus provide monies over the long-term to replace the existing facilities and distribution lines at the end of their useful lives (i.e., capital maintenance).

The major revenue source for the Water System Fund is derived from charges for services from the sale of water and water meters. The projection for fiscal year 2006 is again fairly conservative and is based on the activity for the most recent two-year period. Depending upon the duration of high temperatures and the amount of rainfall received during the summer months, these revenues can fluctuate fairly substantially from one year to the next. With the completion of the Lake Horton raw water reservoir, there now exists a much greater supply of water to meet the growing demands of an increasing population.

Emergency 911 Special Revenue Fund

The various municipal E-911 communication functions within the County and communication operators at the Sheriff's Department were gradually merged into the County's operations during 1996. Not only did this Special Revenue Fund absorb the staff and operating expenses of these other entities, but also as part of the consolidation agreement the new 911 functions was entitled to all the telephone surcharge revenues generated for this purpose.

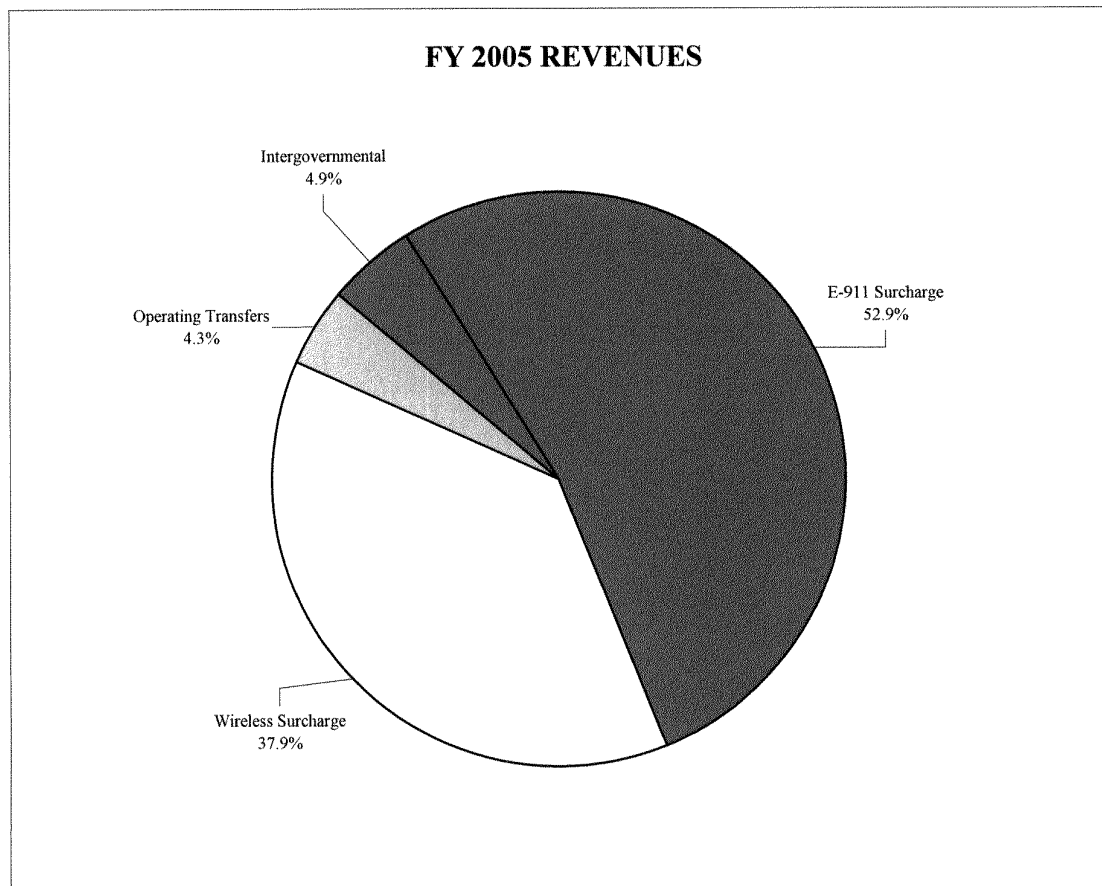
Georgia state law provides for a governmental entity to adopt up to a \$1.50 monthly surcharge for each telephone receiving service in the County. These monies are collected by BellSouth, the local phone service provider, as part of each month's phone bill and then remitted to the County less a percentage to cover the billing party's administrative costs. Also during FY 2002, collection was initiated for a similar type monthly charge of a \$1.00 on each cellular telephone. The proceeds from these surcharges can only be spent for the provision of 911 service within the jurisdiction. As is true with other funds, the projection of revenue from these sources is conservative.

Also as part of the original consolidation agreement, the County and cities within the County agreed to contribute on a pro rata basis (i.e., based on the estimated annual population) any funds necessary to cover shortfall between the amount generated from the surcharge and the operating budget. These monies contributed by the cities for this purpose are categorized in the table and chart on the following page as *Intergovernmental* revenues and the County's portion is designated as *Operating Transfers*.

ANALYSIS OF MAJOR REVENUE SOURCES AND TRENDS

COMPARISON OF EMERGENCY 911 FUND PRINCIPAL REVENUE SOURCES

Revenue Source	FY 2004 ACTUAL	FY 2005 BUDGET	FY 2005 ESTIMATED	FY 2006 BUDGET	FY 2006 PERCENT OF TOTAL
Intergovernmental	\$ 87,587	\$ 85,331	\$ 85,512	\$ 88,940	4.9%
E-911 Surcharge	980,587	979,919	950,692	956,104	52.9%
Wireless Surcharge	664,236	665,000	734,129	684,236	37.9%
Insurance Reimbursement	39,803	-	-	-	0.0%
Operating Transfers	79,790	76,387	101,752	77,926	4.3%
Total Revenues	\$ 1,852,003	\$ 1,806,637	\$ 1,872,085	\$ 1,807,206	100.0%



ANALYSIS OF MAJOR REVENUE SOURCES AND TRENDS

Consolidated Revenues

The tabular information below provides a consolidated look at the revenue comparisons for all budgeted funds. It clearly demonstrates that the County staff is adhering to its strategy of conservatively projecting revenues. Based on the most current projections, it appears that the majority of the funds will collect more revenue for the 2005 fiscal year than was originally budgeted. The information also indicates that more than 70 percent of the total budgeted revenues involve property tax supported funds (i.e., the General Fund and Fire Services Special Revenue Fund). The remainders of the funds derive their revenues from such non-tax sources as surcharges, user fees, and interest earnings.

<u>BUDGETED FUND</u>	<u>FY 2004 ACTUAL</u>	<u>FY 2005 BUDGET</u>	<u>FY 2005 ESTIMATED</u>	<u>FY 2006 BUDGET</u>	<u>FY 2006 PERCENT OF TOTAL</u>
General Fund	\$ 45,070,813	\$ 44,640,019	\$ 46,353,147	\$ 47,604,412	66.71%
Fire Service Fund	7,119,091	6,931,829	7,604,850	7,195,950	10.08%
E-911 Fund	1,852,003	1,806,637	1,872,084	1,807,206	2.53%
Water System Fund	12,736,307	12,556,750	12,851,225	13,157,748	18.44%
All Other Funds	<u>1,769,652</u>	<u>4,089,162</u>	<u>1,217,319</u>	<u>1,598,161</u>	<u>2.24%</u>
Total Revenues	<u>\$ 68,547,866</u>	<u>\$ 70,024,397</u>	<u>\$ 69,898,625</u>	<u>\$ 71,363,477</u>	<u>100.00%</u>

ANALYSIS OF THE FUND BALANCE OF EACH INDIVIDUAL FUND

Discussion of Fund Balance

The 2001 edition of Governmental Accounting, Auditing and Financial Reporting (GAAFR) published by the Government Finance Officers Association (GFOA) defines the term *fund balance* as “the difference between assets and liabilities reported in a governmental fund”. In simple terms, the fund balance is the excess of current assets over current liabilities utilizing the flow of current financial resources measurement focus and the modified accrual basis of accounting. To express in layman’s terms, it might best be described as funds or idle cash that can serve as a financial safety net in the event of a “rainy day” or unexpected expenditures, can be used to liquidate existing long-term liabilities, or can be utilized to pay for expenditures incurred in future periods.

The size of this balance in relationship to budgeted appropriations provides some insight into the level of current financial resources that are available to meet the financial obligations of future periods. By having sufficient cash reserves available, it ensures a great deal of flexibility in carrying out the County’s annual expenditure plan as well as providing the fiscal capacity to meet most unanticipated needs. For these reasons, maintaining an adequate fund balance level is an important element in the long-range financial plan for Fayette County.

Of primary importance in funding the County’s normal day-to-day operations, the fund balance is used to provide needed cash reserves prior to the collection of taxes. With the fiscal year beginning on the first day of July and the majority of property taxes not being collected until the middle of December, expenditures or cash outflows significantly exceed revenues or cash inflows over the first five months of the fiscal year. Having sufficient cash reserves prevents the County from having to do short-term borrowing to meet those financial obligations incurred early in the year. Also on the positive side, these funds generate additional interest income that in effect reduces the tax burden on the citizens.

And as a vital component in our pay-as-you-go capital improvements program, the County frequently uses part of the fund balance to pay for large one-time capital non-operating expenditures, including capital projects, rather than incur long-term debt. For example, in FY 2004, the existing fund balance of the General Fund was used to make road and intersection improvements at various locations throughout the County including McDonough Road at County Line Road. As additional monies become available at the end of each fiscal year, they are often designated for a specific capital non-operating expenditure.

Lastly, the fund balance provides a financial cushion that can be used to reduce the impact of a significant economic downturn or uninsured catastrophic loss. In situations such as these, the fund balance provides financial resources that can be used to replace lost revenues or fund unanticipated expenditures without having to raise taxes or incur new debt. In spite of the last decade where the economy has remained consistently strong, current economic conditions are in a weakened state. It is our belief that maintaining an adequate fund balance is important to the long-term financial stability of Fayette County insuring significant benefits to the taxpayers.

ANALYSIS OF THE FUND BALANCE OF EACH INDIVIDUAL FUND

General Fund

The following table provides a comparison of the fund balance for the General Fund over a four-year period. At the end of the 2005 fiscal year, the Finance Department estimates that the fund balance will be about \$28.0 million. This level of cash reserves places Fayette County in the enviable position of having sufficient monies available to meet its cash flow shortfall during the early part of its fiscal cycle and still being able to pay for certain of its capital improvement projects without having to issue new debt. Adhering to policies of fiscal conservatism is part of the reason that the County's general obligation bond rating was upgraded in calendar year 2003 from AA- to AA by the bond rating service.

	FY 2003 <u>ACTUAL</u>	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ESTIMATED</u>	FY 2006 <u>PROJECTED</u>
Fund Balance - June 30	\$ 24,659,685	\$27,125,901	\$28,013,913	\$26,575,305

But more importantly from a strategic standpoint of funding needed services, this size fund balance provides the County with budgetary flexibility. In the event of a significant economic downturn, these financial resources are available to cover or offset any unfavorable budget-to-actual revenue variances in the short term. Thus, those taxpayers who might lose their jobs or see their businesses decline in a downturn of the economy may not have to face a property tax rate increase at the worst possible time for them financially.

The increases in the fund balance that typically occur from one year to the next are primarily generated from two sources. First, revenues have been projected on a fairly conservative basis each fiscal year. As a result, the County has ended each of these fiscal years with actual revenues easily exceeding the amount that was budgeted. The second component of fund balance growth has been on the expenditure side. Over the past several fiscal years, actual expenditures have been far less than the budgeted amounts. These positive variances have been made possible by effective management at the cost center level, salary savings generated from vacant positions and the Board's consistent funding of new technologies to get the job done as efficiently as possible.

The following tabular information provides more detail regarding the various components of the estimated fund balance at June 30, 2005. As indicated by the first reserve, the Board has adopted as a fiscal policy the Finance Department's recommendation that the County maintain a working capital or cash reserve equal to three months of expenditures. The second reserve represents outstanding purchase orders, projects that were budgeted for FY 2005, as well as the designation of funds in the amount of \$2.0 million for emergencies. In addition, this reserve includes \$4.1 million for planned capital additions and major repairs to the existing infrastructure. A third reservation of fund balance recognizes those loans that have been made to the Soccer Association for the purpose of their constructing additional fields at McCurry Park. Until this loan is repaid, this reserve is needed to show that this money is not available for appropriation.

ANALYSIS OF THE FUND BALANCE OF EACH INDIVIDUAL FUND

Lastly, the reserve for prepaid assets represents an offset to the current asset balance for the prepayment of insurance premiums for FY 2005. This reserve is needed to indicate that these funds have already been spent and also are not available for appropriation.

Estimated Fund Balance at June 30, 2005			\$ 28,013,913
Less:	Reserved for Working Capital (25% of FY 2006 Budget Expenditures)	\$ 11,901,103	
	Reserved for Encumbrances and Designations (Estimate Based on Past Years)	6,276,354	
	Reserved for Loans Receivable (Soccer Association)	15,024	
	Reserved for Prepaid Assets (Estimate Based on Past Years)	79,538	<u>18,272,019</u>
Estimated Fund Balance Available for Contingencies and Appropriation for Capital Expenditures			\$ 9,741,894

The completion of capital projects for road and bridge improvements, intersection signalization and improvements, and recreation land development are authorized for FY 2006. The planned Capital expenditures amounting to \$2.4 million during FY 2006 is the major reason for projecting a decline in the fund balance by the end of the year.

Special Revenue Funds

Fire Services

Unlike in the General Fund, maintaining at least three months of operating expenditure cash reserves in the Fire Services Special Revenue Fund has proved a difficult goal to achieve over the long-term. In an attempt to achieve a desirable level of financial stability, the Board has planned to increase the fund reserves over the next three years. This objective will be achieved by controlling expenditures to produce a surplus. Provision of funds for capital asset acquisitions will be planned and programmed as part of the County's five year Capital Improvement Program. As Part of the capital planning process, revenues from this funding source will be programmed in a rational manner to avoid fluctuations in the property tax rates.

ANALYSIS OF THE FUND BALANCE OF EACH INDIVIDUAL FUND

	FY 2003 <u>ACTUAL</u>	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ESTIMATED</u>	FY 2006 <u>PROJECTED</u>
Fund Balance – June 30	\$842,376	\$2,139,549	\$3,712,681	\$4,387,924

The projected fund balance in the amount of \$4,387,924 on June 30, 2006 represents more than three months of normal operating expenditures for this special revenue fund, which is the target level adopted by the Board for this special revenue fund. The projected increase in fund balance is attributable to controlling expenditures and will hopefully prove to be adequate for the short-term. This surplus is being generated to fund future capital assets to meet the demand associated with a growing population.

Street Lights

The Street Light Special Revenue Fund is a separate, self-supporting accounting entity in which the revenues collected from the service users are expected to cover all of the expenditures incurred to provide the service. With utility and fixture maintenance costs rising each year and the rate schedule being reviewed infrequently, it is important to have sufficient funds in reserve in the event that the fees collected are not enough to pay for the level of services being provided. In addition, adequate cash reserves are needed to pay the utility bills for the first four months in the fiscal year until the revenues are received sometime in November. The tabular information below depicts the year-end status of the fund balance for this entity.

	FY 2003 <u>ACTUAL</u>	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ESTIMATED</u>	FY 2006 <u>PROJECTED</u>
Fund Balance - June 30	\$87,970	\$77,872	\$64,177	\$46,379

Historically, the annual growth in the fund balance has somewhat mirrored the increase in the number of subdivisions receiving this service. However, with the per fixture operating costs continuing to increase each year and the time lag between the time that a subdivision comes into the system and the per parcel tax is levied, the County will likely have to look into the possibility of increasing the rate currently being charged. In projecting the fund balance at the end of FY 2006, it was assumed that revenues and the current fund balance would be sufficient to cover all the expenditures incurred during the year.

Jail Construction Surcharge

This special revenue fund was originally established in FY 1993. It was agreed that all of the surcharges that were collected by the various courts on traffic and criminal fines would be set aside on an annual basis until such time as these funds were needed for jail related expenditures. The enabling legislation provided that these surcharge revenues could be used for the operating costs of the jail; however, the decision was made to set these funds aside to be used for capital expenditures and/or major renovations.

ANALYSIS OF THE FUND BALANCE OF EACH INDIVIDUAL FUND

	FY 2003 <u>ACTUAL</u>	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ESTIMATED</u>	FY 2006 <u>PROJECTED</u>
Fund Balance - June 30	\$122,852	\$149,031	\$388,740	\$388,740

The Board of Commissioners began to make plans during FY 1999 to construct a new jail facility adjacent to the current jail since the prisoner population was exceeding its original design capacity. A portion of the monies in this special revenue fund was used to hire consultants to begin the planning and design process. Several tracts of land, located between the current jail site and property that the County already owned for future construction purposes, were acquired with additional dollars from this fund. A portion of these funds were used for outsourcing inmates to another facility during the final phase of construction for the new jail causing a decrease in the fund balance at the end of FY 2003. During FY 2006, revenues from this source will be utilized for prisoner meal service and other construction cost associated with the newly completed jail facility.

Juvenile Supervision

The Juvenile Supervision Special Revenue Fund was initiated in the latter part of the 1994 fiscal year pursuant to new State legislation making provision for a surcharge on juvenile fines. As shown in the tabular data that follows, the estimated fund balance at June 30, 2005 is \$63,642. This residual amount represents the fine surcharges collected to date in excess of that which has been needed for supervisory services.

	FY 2003 <u>ACTUAL</u>	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ESTIMATED</u>	FY 2006 <u>PROJECTED</u>
Fund Balance - June 30	\$32,686	\$57,057	\$63,642	\$64,042

During the past several years, the number of juvenile cases being heard in Fayette County has continued to increase rapidly. The amount of surcharge revenues being generated has grown proportionately. Not only has the case load steadily increased, but the Judge has tended to impose the maximum surcharge as part of the order to the offenders. The estimated fund balance increased for FY 2004 with supervision fine revenue more than doubling. The Court had a new judge appointed in FY 2005 and this FY 2004 trend has not continued. Only a small increase in the fund balance is projected for FY 2005 and on into FY 2006. The Juvenile Court is now expected to place more emphasis on diversion programs and delinquency prevention and other functions rather than community service, which has involved use of funds for supervisory oversight.

ANALYSIS OF THE FUND BALANCE OF EACH INDIVIDUAL FUND

Victims Assistance

The Victims Assistance Special Revenue Fund was initiated as a supplemental service of the State Court function that was created during the 1997 fiscal year. This program is funded by a surcharge on all fines and grant monies designed to help the victims of misdemeanor crimes. The monies generated from this surcharge were simply being accumulated in this fund until the latter part of FY 1998 while the newly created Solicitor General's Office was getting up to speed during that first year of its operations.

With the State of Georgia awarding a grant to fund a Victim Witness Advocate position in late FY 1998, this new program was able to hire the necessary manpower to become fully operational. Because there is very limited historical revenue and expenditure information to use as a basis for determining the level of service that could be offered over the long-term, the decision was made to gradually enhance the services to be provided over time. The progress of this special revenue fund in accumulating financial resources that will be used to assist the victims of crime is shown in the following tabular information.

	FY 2003 <u>ACTUAL</u>	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ESTIMATED</u>	FY 2006 <u>PROJECTED</u>
Fund Balance - June 30	\$453,976	\$399,990	\$333,093	\$229,384

It is anticipated that expenditures for planned services and the associated costs for this program will continue to exceed planned revenues during FY 2006.

Drug Abuse and Treatment Education

This special revenue fund is used to account for those surcharges levied on fines for the purpose of funding drug (i.e., other than alcohol) education programs. While the County's court system began collecting these surcharge monies during the 1998 fiscal year, there was no education programs approved in the operating budgets for the first two years. Consequently, this fund had accumulated a healthy fund balance which has been used to fund various programs over the last four years. The tabular information below shows the ending fund balance for each of the respective periods.

	FY 2003 <u>ACTUAL</u>	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ESTIMATED</u>	FY 2006 <u>PROJECTED</u>
Fund Balance - June 30	\$61,576	\$35,232	\$46,200	\$46,200

In its operating budget discussions for FY 2001, the Board decided to designate monies from this special revenue fund to supplement the Drug Awareness and Resistance Education (DARE)

ANALYSIS OF THE FUND BALANCE OF EACH INDIVIDUAL FUND

program currently provided by the Sheriff's Office. Also, the Commissioners have recently agreed to assist the Board of Education with their in-house drug education program. The projected fund balance for FY 2006 remains unchanged from FY 2005 as anticipated expenditures have been reduced to equal revenues for this period.

State Confiscated Property

Fund balance information for the State Confiscated Property Special Revenue Fund is provided in the table below. As these funds are forfeited through the court system, they are almost immediately put to work as part of the Sheriff's Office's efforts to combat crime. Consequently, the idle funds that are generally on hand at any point in time are minimal.

	FY 2003 <u>Actual</u>	FY 2004 <u>Actual</u>	FY 2005 <u>Estimated</u>	FY 2006 <u>Projected</u>
Fund Balance –June 30	\$13,485	\$21,171	\$31,122	\$19,943

Federal Confiscated Property

As demonstrated in the table below, the fund balance of the Federal Confiscated Property Special Revenue Fund follows the same general pattern as the State Confiscated Property Fund. The monies received into this fund are from the Department of Justice with the main difference between the Federal and State fund being the relative size of the amount of funds that are taken. In reality, the war against drugs is often a hit-or-miss proposition. Thus, there is the opportunity to have a larger variance from one year to the next.

	FY 2003 <u>ACTUAL</u>	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ESTIMATED</u>	FY 2006 <u>PROJECTED</u>
Fund Balance - June 30	\$169,709	\$365,935	\$360,004	\$560,004

U. S. Customs Fund

This fund is the latest law enforcement confiscated monies account created and represents funds forfeited through the Department of Treasury. All revenues collected from this source during FY 2006 are expected to be utilized in law enforcement activities before the end of the year. Therefore, no increase in fund balance is projected for FY 2006.

	FY 2003 <u>ACTUAL</u>	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ESTIMATED</u>	FY 2006 <u>PROJECTED</u>
Fund Balance - June 30	\$11,592	\$43,296	\$42,471	\$52,471

ANALYSIS OF THE FUND BALANCE OF EACH INDIVIDUAL FUND

Law Library

The initiation of the State Court function has had a favorable financial impact on the Law Library Special Revenue Fund. With additional surcharge revenues flowing in from this source, the fund balance has recently begun to grow. Fund balance data for this special revenue fund over the most recent four-year period is shown in the following tabular information.

	FY 2003 <u>ACTUAL</u>	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ESTIMATED</u>	FY 2006 <u>PROJECTED</u>
Fund Balance - June 30	\$117,253	\$150,028	\$150,028	\$128,378

Library Special Purpose Local Option Sales Tax (SPLOST)

The estimated fund balance for this special revenue fund at the end of the 2005 fiscal year is slightly less than \$2 million. This amount represents the balance of the unspent proceeds generated by the special purpose local option sales tax plus the interest income that has been earned to date. Pursuant to language contained in the original referendum, these remaining funds are restricted to the purchase of needed resource materials and enhancements for the new library. Only about \$248,822, \$135,804, \$171,283, \$235,082 and \$127,822 have been spent for this purpose during the 2001, 2002, 2003, 2004 and 2005 fiscal years, respectively.

The fund balance information for this special revenue fund is shown below. As demonstrated by the tabular information, the amount of fund balance has changed little over the past three fiscal years. With the library being so new, there has been little need to spend the existing funds. However, additional expenditures have begun to be made to replace existing equipment that has begun to age and become obsolete and to provide additional library service needs as identified.

	FY 2003 <u>ACTUAL</u>	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ESTIMATED</u>	FY 2006 <u>PROJECTED</u>
Fund Balance - June 30	\$2,227,810	\$2,016,568	\$1,936,104	\$1,757,104

In looking at long-term trends, the fund balance is projected to steadily decline each succeeding year until such time that all of the funds are finally spent. The only significant source of retainable revenue for this fund in the future will be the interest income earned on the cash balances.

ANALYSIS OF THE FUND BALANCE OF EACH INDIVIDUAL FUND

Emergency Phone E-911

The estimated fund balance for the Emergency Phone E-911 Special Revenue Fund at June 30, 2005 is \$1,453,364 as exhibited in the following table. This amount represents almost a year's operating expenditures for this special revenue fund which far exceeds the Board's adopted policy of having the fund balance of an operating fund at least equal to three month's of total annual expenditures.

The tabular information presented below indicates that the fund balance has been growing steadily over the three previous fiscal years. The primary reason for this trend is the salary savings that have been generated from vacant positions. In addition, the fund balances shown for the last three fiscal years represent monies that had been budgeted during those years for the migration to the new radio system frequency but had not been expended as of the end of the year.

	FY 2003 <u>ACTUAL</u>	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ESTIMATED</u>	FY 2006 <u>PROJECTED</u>
Fund Balance - June 30	\$1,985,569	\$2,270,674	\$1,453,364	\$1,501,181

In the fund balance projection for the FY 2005, a substantial reduction in this fund is shown because of the completion of the migration to an improved frequency radio system and the resulting annual lease payment of \$993,762. The center is hopeful that they will be able to fill vacant positions as they arise and be able to keep them filled for most of the budget year.

As a result of an intergovernmental agreement between the cities within the County and the County, the long-term outlook appears to suggest that revenues will be sufficient to meet anticipated expenditures thus contributing to a stable fund balance.

ANALYSIS OF THE FUND BALANCE OF EACH INDIVIDUAL FUND

Enterprise Funds

The enterprise fund budgets are adopted on the cash basis of accounting to ensure compliance with existing bond ordinances. By utilizing this method, management has the ability to monitor the flow of cash for these funds. From a budgetary and administrative control perspective, cash flow budgets are prepared for these two funds on an annual basis. The Comprehensive Annual Financial Report (CAFR) shows the status of the County's finances for these funds on the basis of "generally accepted accounting principles" (GAAP).

SOLID WASTE

The tabular information presented below shows an increasing fund balance; however, the revenues from operations have been significantly short of the expenditures to operate this fund on an annual basis. Much of this shortfall can be attributed to significant costs related to post-closure care for a pre-subtitle D landfill. The General Fund has made significant contributions to this fund to avoid the incurrence of a deficit. During FY 2005, the Board approved the collection of a leaf and limb fee for both commercial as well as residential yard waste in an effort to make operations self supporting versus the necessity of transferring funds from the County's General Fund. Management also continues to review these operations to identify cost savings opportunities and revenue enrichment strategies in an effort to improve this fund's financial solvency.

	FY 2003 <u>ACTUAL</u>	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ESTIMATED</u>	FY 2006 <u>PROJECTED</u>
Fund Balance – June 30	\$1,005,820	\$1,059,157	\$1,210,391	\$1,232,971

WATER SYSTEM

The tabular information presented below indicates that the fund balance has been steadily increasing over each of the three previous fiscal years. The primary reason for this increase is the steady rise in charges for services provided and the ability of the Water System to hold expenditures at or below budgeted levels.

	FY 2003 <u>ACTUAL</u>	FY 2004 <u>ACTUAL</u>	FY 2005 <u>ESTIMATED</u>	FY 2006 <u>PROJECTED</u>
Fund Balance – June 30	\$16,018,723	\$20,934,653	\$24,810,332	\$24,675,367

ANALYSIS OF THE FUND BALANCE OF EACH INDIVIDUAL FUND

Overview of Fund Balances - Budgeted Governmental Funds

The tabular information that is provided below is a consolidated overview of the fund balance information for all funds. This table is useful to the reader in that it provides general trend information on the government as a whole. The data clearly indicates that Fayette County has accumulated in its various funds sufficient current financial resources to meet its immediate service needs and should be able to easily weather any economic downturn that might occur in the near future.

<u>FUND BALANCE</u>	<u>FY 2003 ACTUAL</u>	<u>FY 2004 ACTUAL</u>	<u>FY 2005 ESTIMATED</u>	<u>FY 2006 PROJECTED</u>
Governmental Funds:				
General	\$24,659,685	\$27,125,901	\$28,013,913	\$26,575,305
Special Revenue:				
Fire Services	842,376	2,139,549	3,712,681	4,387,924
Street Lights	87,970	77,872	64,177	46,379
Jail Construction	122,852	149,030	388,740	388,740
Juvenile Supervision	32,686	57,057	63,642	64,042
Victim Assistance	453,976	399,990	333,093	229,384
Drug Abuse	61,576	35,232	46,200	46,200
State Confiscated	13,485	21,171	31,122	20,718
Federal Confiscated	169,709	365,935	360,004	560,004
U.S. Customs	11,592	43,296	42,471	52,471
Law Library	117,253	150,028	150,028	128,378
Library SPLOST	2,227,810	2,016,568	1,936,104	1,757,104
Emergency 911	<u>1,985,569</u>	<u>2,270,674</u>	<u>1,453,364</u>	<u>1,501,181</u>
Total Governmental Funds	<u>\$30,786,539</u>	<u>\$34,852,302</u>	<u>\$36,595,539</u>	<u>\$35,757,830</u>
Enterprise Funds:				
Solid Waste	\$1,005,820	\$1,059,157	\$1,210,391	\$1,232,971
Water System	<u>16,018,723</u>	<u>20,934,653</u>	<u>24,810,332</u>	<u>24,675,367</u>
Total Enterprise Funds	<u>\$17,024,543</u>	<u>\$21,993,810</u>	<u>\$26,020,723</u>	<u>\$25,908,338</u>
Total All Funds	<u>\$47,811,082</u>	<u>\$56,846,112</u>	<u>\$62,616,262</u>	<u>\$61,666,168</u>